

Message Text

CONFIDENTIAL

PAGE 01 LIMA 03266 171914 Z

53

ACTION ARA-17

INFO OCT-01 ADP-00 SS-15 L-03 EB-11 CIAE-00 INR-10 NSAE-00

RSC-01 COME-00 RSR-01 /059 W
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P 171822 Z MAY 73

FM AMEMBASSY LIMA

TO SECSTATE WASHDC PRIORITY 5548

C O N F I D E N T I A L LIMA 3266

E. O. 11652: GDS

TAGS: BDIS, EIND, PE

SUBJECT: GRACE NEGOTIATIONS

1. I WAS INFORMED THIS MORNING BY FOWLER OF GRACE THAT THE NEGOTIATIONS WITH THE GOP COMMISSION HAVE BEEN BROKEN OFF WITH NO AGREEMENT FOR AN EXTENSION OF TIME. EVERYTHING WAS EXTREMELY CORDIAL AND BOTH SIDES AGREED TO CONSIDER WHAT THE POSSIBLE NEXT MOVES MIGHT BE.
2. IN THE LAST MEETING WITH LOGAN, THE PERUVIAN SIDE SPOKE AGAIN IN TERMS OF 640 MILLION SOLES BUT REFERRED TO CERTAIN NECESSARY DEDUCTIONS FROM THIS AMOUNT TO COVER A NUMBER OF UNSPECIFIED CONTINGENCIES, INCLUDING TAXES AND PAYMENT TO EMPLOYEES REQUIRED BY LAW, ETC., WHICH ACCORDING TO FOWLER, AMOUNTED TO BETWEEN 30 TO 40 PER CENT OF THE 640 MILLION TOTAL. I ASKED WHETHER ANY SPECIFIC OFFER HAD BEEN MADE BY THE PERUVIAN SIDE. FOWLER SAID NO FORMAL OFFER HAD EVER BEEN MADE BY THE PERUVIAN SIDE AS A COUNTER TO THE PRICE WHICH GRACE HAS SET.
3. AS FAR AS GRACE IS CONCERNED, THEY WILL CONTINUE ON WITH THEIR OPERATIONS IN PERU UNTIL ONE SIDE OR THE OTHER COMES UP WITH A NEW PROPOSAL. HE REITERATED THAT THE LAST TALKS ENDED ON A VERY CORDIAL BASIS WITH MERELY AN AGREEMENT THAT THEY HAD DISAGREED.
4. AT THIS STAGE, I WOULD NOT WANT TO SPECULATE AS TO WHAT THE NEXT MOVES MIGHT BE.

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PAGE 02 LIMA 03266 171914 Z

BELCHER

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NMAFVVZCZ

*** Current Handling Restrictions *** n/a

*** Current Classification *** CONFIDENTIAL

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